

Notice No.: 94-007  
Date: July 8, 1994  
Applies to: All Employers  
Subject: Summary of 1994 retirement-related legislation

This Notice contains brief summaries of bills enacted in the 1994 Legislative Session that affect the retirement systems' members and employers. These summaries are intended to identify the issues and indicate areas of change, rather than to provide you with details about the bills or instruct you in their implementation. DRS will provide more detailed information on some bills during the coming months.

#### ESHB 1182, Chapter 69, Laws of 1994

Allows retired TRS Plan 1 members to work an additional 15 days per school year, beyond the 75 days currently allowed, without affecting their retirement benefit. These provisions become effective for the 1994-95 school year. Certain restrictions apply:

- Only time spent as a substitute teacher is covered by the additional 15 days, not time spent in a contracted position.
- Any school district in which the retiree works the extra 15 days must have passed a resolution identifying a shortage of qualified and available substitute teachers.
- The school district must pass the resolution of shortage annually.

A DRS Notice containing more detailed information will be provided to school districts and educational service districts when DRS has developed rules to implement this legislation.

#### EHB 2643, Chapter 298, Laws of 1994

This legislation is primarily a technical bill, cross-referencing pension statutes for greater ease of administration. However, two sections of the bill are of interest to employers.

- 
- Compensation received by a PERS member under Title 51 or a similar workers' compensation program may be considered earnable compensation for retirement reporting. In order to qualify, the member must have been disabled in the line of duty. The reportable compensation is the amount equal to the amount the member would have received if he or she had not been injured.
  - An exclusion to PERS membership is created for employees hired into authorized, state-approved apprentice programs. This exclusion only applies to local governments.

This legislation is effective June 9, 1994. Additional information about these provisions will be provided in future DRS Notices.

#### EHB 2644, Chapter 177, Laws of 1994

This legislation contains two provisions of interest to employers.

“Standby pay” is reportable compensation in certain circumstances

The legislation authorizes certain types of pay for time not worked to be reported to the retirement system. The legislation refers to this pay as compensation paid to employees while in “standby status”; however, the legislation restricts the situations in which this pay is reportable. DRS has filed proposed rules to implement the “standby pay” provisions of this legislation. The proposed rules define reportable pay earned while in standby status as location pay.

- Pay for “standby status” is considered location pay when the employee is restricted to a specific location designated by the employer, such as the employer’s work site or the employee’s own residence, or the immediate vicinity of the designated location.
- If compensation paid for time not actually worked is to be considered earnable compensation, the employer must adopt a policy stating the location restrictions associated with the compensation.

Compensation for standby is not reportable if the employee is free to travel outside the immediate vicinity of the specified location. For example, the compensation is not reportable if the employee is allowed to travel within a certain distance of the job site determined by time required to travel to the job site or broadcast range of an electronic notification device.

You will receive a DRS Notice with more detailed information after the final rules have been adopted.

#### DRS granted new authority to charge interest

The legislation grants DRS a broad authority to charge interest on employer and member contributions where the contributions are not paid immediately after the service is rendered. The interest rate is to be set by the DRS Director.

DRS does not plan to implement the interest charge portion of this legislation in the near future. The legislation authorizes DRS to delay implementing interest charges if necessary to incorporate such charges into the department’s automated accounting, billing, and reporting systems. Major computer system

---

development projects underway at DRS did not incorporate such changes into the planning or design; therefore, DRS cannot address implementation of interest charges until those projects are completed.

DRS will solicit employer input before beginning to develop implementation plans for interest charges.

#### HB 2905, Chapter 247, Laws of 1994

This legislation makes certain technical adjustments to cost of living adjustments (COLAs) currently paid to PERS Plan 1 and TRS Plan 1 retirees:

- The one-time, ad hoc COLA provided in February 1992 is now permanently funded.
- Effective July 1995, all retirees who qualify for the “age 65 COLA” will receive an increase equal to either the prior year’s change in the consumer price index or 3%, whichever is less.

#### SSB 6143, Chapter 197, Laws of 1994

Allows members to buy certain types of service credit up until the time of retirement; this includes restoring withdrawn contributions after the statutory restoration deadline has passed. This is not an “open window” or an extension of the restoration deadline; this is a new option for purchasing service credit.

- The member must pay the full actuarial value of the increase in benefit that results from the purchased service credit.

The provisions of this legislation become effective January 1, 1995. A DRS Notice containing more detailed information will be provided when DRS and the Office of the State Actuary have developed rules to implement this legislation.

#### Questions?

If you have questions regarding this legislation, you may contact Carole Mills of the DRS Legislative/Legal Affairs Unit at (206) 586-9067, SCAN 321-9067.

Sheryl Wilson  
Director